



Registrar

# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad.

Tel: +92-51-9206500, Fax: +92-51-2600026

Web: [www.nepra.org.pk](http://www.nepra.org.pk), E-mail: [registrar@nepra.org.pk](mailto:registrar@nepra.org.pk)

No. NEPRA/R/ADG(Trf)/TRF-421/LEPL-2017/96-100

January 05, 2026

Subject: Decision of the National Electric Power Regulatory Authority in the matter of Tariff Adjustment at Commercial Operations Date of Lake Side Energy (Pvt.) Limited

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority alongwith Annex-I, II & III (total 35 pages) regarding tariff Adjustment at Commercial Operations Date of Lake Side Energy (Pvt.) Ltd. (Formerly Act 2 Wind (Pvt.) Limited) in Case No. NEPRA/ TRF-421/LEPL-2017.

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 Calendar days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

Enclosure: As above

(Wasim Anwar Bhinder)

Secretary,  
Ministry of Energy (Power Division),  
'A' Block, Pak Secretariat,  
Islamabad.

Copy to:

1. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
2. Mr. Shehriyar Abbasi, Deputy Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
4. Chief Executive Officer, Lakeside Energy Private Ltd. B-21, Block 7/8 Bangalore Town, Main Shahrah-e-Faisal, Karachi



**DECISION OF THE NATIONAL ELECTRIC POWER REGULATORY AUTHORITY IN THE  
MATTER OF TARIFF ADJUSTMENT AT COMMERCIAL OPERATIONS DATE OF  
LAKESIDE ENERGY (PVT) LIMITED**

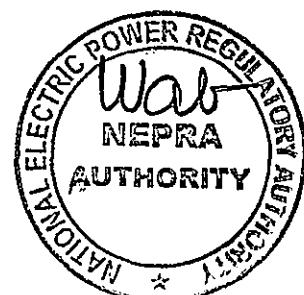
**Introduction**

1. M/s. Lakeside Energy (Pvt.) Limited ("LEPL" or "the petitioner" or "the company") was formed to develop 50 MW wind power project ("the Project") at Jhimpir, District Thatta, Sindh. The Generation License to the company was issued by National Electric Power Regulatory Authority ("NEPRA" or "the Authority") on 27 November 2017.
2. The Authority issued the tariff determination of LEPL on 19 November 2018 wherein a levelized tariff of PKR 5.6584/kWh (US Cents 4.7153/kWh) was approved. The Authority then issued its decision on 23 July 2020 in the matter of tariff modification petition filed by LEPL. Afterwards, the decision in the matter of motion for leave for review filed by LEPL against the tariff modification decision was issued on 17 May 2021 (all the aforementioned decisions shall be collectively or separately be referred to as "Tariff Determination").

**Adjustment of Tariff at Commercial Operations Date**

3. Following mechanism was approved in the Tariff Determination for the adjustment of tariff at the Commercial Operations Date ("COD") of the company:
  - The EPC cost shall be adjusted at actual considering the approved amount as the maximum limit. Applicable foreign portion of the EPC cost will be adjusted at COD on account of variation in PKR/USD parity, on production of authentic documentary evidence to the satisfaction of the Authority. The adjustment in approved EPC cost shall be made only for the currency fluctuation against the reference parity values.
  - The petitioner has to submit M/s DNV-GL certification No. TC-236603-A-2 date May 29, 2015 about the design, specification and country of origin of various component of the wind turbine to be installed for this project. At the time of COD stage tariff adjustments, the petitioner will have to provide a confirmation from the EPC contractor as to the fullest compliance of the equipment having same design and origin of manufacture as given in the type certificate. Where needed, the bill of lading and other support documents will also have to be submitted.
  - Project Development Cost ("PDC"), Insurance during construction and Financing Fee and Charges shall be adjusted at actual at the time of COD considering the approved amount as the maximum limit. The amounts allowed on these accounts in USD will be converted in PKR using the reference PKR/USD rate of 120 to calculate the maximum limit of the amount to be allowed at COD.
  - Duties and/or taxes, not being of refundable nature, relating to the construction period directly imposed on the company up to COD will be allowed at actual upon production of verifiable documentary evidence to the satisfaction of the Authority.

✓ ✓ ✓





- Interest during Construction (“IDC”) will be recomputed at COD on the basis of actual timing of debt draw downs (for the overall debt allowed by the Authority at COD) for the project construction period of fifteen months allowed by the Authority. For full/part of conventional local or foreign loans or a mix of both, if availed by the company, the IDC shall also be allowed adjustment for change in applicable KIBOR/LIBOR.
- The tariff has been determined on debt: equity ratio of 80:20. The tariff shall be adjusted on actual debt: equity mix at the time of COD, subject to equity share of not more than 20%. For equity share of more than 20%, allowed IRR shall be neutralized for the additional cost of debt: equity ratio.
- The reference tariff has been worked out on the basis of cost of 6% offered under SBP financing scheme. In case cost negotiated by the company under SBP scheme is less than the said limit of 6%, the savings in that cost shall be shared between the power purchaser and the power producer in the ratio of 60:40 respectively. For full or part of local or foreign loan, if any, the savings in the approved spreads shall be shared between the power purchaser and power producer in the ratio of 60:40.
- ROEDC will be adjusted at COD on the basis of actual equity injections (within the overall equity allowed by the Authority at COD) for the project construction period of fifteen months allowed by the Authority.

4. The Authority vide Tariff Determination issued on 17 May 2021, changed the adjustment clause with respect to O&M component of tariff which is produced below:

- The O&M cost, its mix, and the corresponding mechanism thereof as approved in the Tariff Determination of LEPL shall be applicable for the period during which the petitioner has already finalized the WP and LT O&M Agreements, i.e. 13 years. During this time, however, the petitioner shall be required to submit, on an annual basis, the documentary evidence/report pertaining to actual expenditures on account of O&M. The savings, if any, in the actual O&M cost compared to the approved O&M cost shall completely be passed on to the consumers.
- Subsequent to the lapse of the LT O&M Contract, in order to claim O&M costs, the petitioner shall be required to carry out competitive bidding for the selection of the O&M contractor in accordance with NEPRA's applicable law. Based on this competitive bidding process, the Authority shall make revisions in the O&M cost, while capping the prevailing level of the approved O&M cost. Those revisions may also entail changing the mix of the approved O&M cost (local and foreign) as well as the indexation mechanism (indices, frequency etc.).

#### Filing of Tariff Adjustment Request at COD

5. The company through letter No. LEPL/FIN/2304/0002 dated 03 April 2023 submitted its application for adjustment of tariff at COD with supporting documents. The petitioner requested to adjust/true-up the relevant tariff components in line with the mechanism/parameters as prescribed in the Tariff Determination.

6. In the application, LEPL submitted that the company has successfully achieved COD on 14 April 2022 at 00:00 Hrs. In this regard, LEPL has submitted Notification of COD of the complex issued by Central Power

*dr d*





Purchasing Agency (Guarantee) Ltd. ("CPPAGL") vide No. DGMT(R)/MT(B&W)/LEL/7030-42 dated 22 April 2022.

7. It was noted that the information submitted by the company along with its request for adjustment of tariff was not complete, accordingly, LEPL was required time and again to submit various information through numerous telephonic conversation and emails. Subsequently, the petitioner vide letter dated 09 May 2024 submitted an addendum to the above tariff adjustment application, in which the evidence of final payment to Engineering Procurement and Construction ("EPC") contractor was submitted.
8. Below is the summary of project cost allowed by the Authority in the Tariff Determination and claimed by LEPL in its tariff adjustment application and in the subsequent addendum:

Project Cost Heads	Determined		Claimed in COD Application		Revised Claim	
	USD	PKR	USD	PKR	USD	PKR
	Million					
EPC Cost	57.94	6,952.80	57.94	9,743.39	57.94	9,946.39
EPC Contractor Claims	-	-	7.36	1,341.47	7.36	1,341.47
Duties and Taxes	-	-	0.58	91.20	0.58	91.20
Project Development Cost	2.50	300.00	2.76	412.36	2.76	412.36
Insurance during Construction	0.29	34.80	0.32	54.56	0.32	54.56
Financial Fee and Charges	1.22	145.80	1.85	300.95	1.85	300.95
Interest during Construction	1.96	235.32	2.36	403.22	2.36	403.22
<b>Total Project Cost</b>	<b>63.91</b>	<b>7,668.72</b>	<b>73.17</b>	<b>12,347.15</b>	<b>73.17</b>	<b>12,550.15</b>

9. LEPL also submitted an Undertaking for Correctness of Information dated 20 November 2025, wherein it has mentioned that the information/data submitted is correct and nothing has been concealed or misrepresented. Accordingly, the assessment in this decision has been carried out based on the data/information provided by the petitioner and the afore stated representation of the petitioner. In case it comes to the knowledge of the Authority subsequently that any document or information submitted is incorrect, false, forged, untrue or that the petitioner has misrepresented, the Authority reserves the right to initiate appropriate action against the petitioner in accordance with the NEPRA Act, Rules and Regulations made thereunder. Any consequential adjustment, if required, will be made accordingly.

#### Audit of Project Cost

10. LEPL with its tariff adjustment application also submitted Audit Report of the claimed project cost. The audit was conducted by Naveed Zafar Ashfaq Jaffery & Co. In the said Audit report, the project cost as verified by the Auditors is given below:

*[Handwritten signature]*



Project Cost	USD	PKR
	Million	
EPC Cost	57.94	9,743.39
Duties and Taxes	0.58	91.20
Project Development Cost and Non-EPC cost	2.76	412.36
Insurance during construction	0.32	54.56
Financial Fee and Charges	1.85	300.95
Interest during Construction	2.36	403.22
<b>Total Project Cost</b>	<b>65.81</b>	<b>11,005.69</b>

11. The variance between the petitioner's claimed cost of USD 73.17 million and the Auditor's verified cost of USD 65.81 million is primarily due to the inclusion of EPC contractor's claim of USD 7.36 million by the company. Additionally, the cost associated with the EPC claim, in terms of PKR, has been revised by LEPL through an addendum.

#### Force Majeure and Construction Period

12. The Tariff Determination stipulated that the "*the targeted maximum construction period after financial close is fifteen (15) months. No adjustment will be allowed in this tariff to account for financial impact of any delay in project construction. However, the failure of the company to complete construction within fifteen (15) months will not invalidate the tariff granted to it.*"

13. In the tariff adjustment application, LEPL informed that post issuance of the Tariff Determination, the company obtained tripartite Letter of Support ("LOS") from Alternative Energy Development Board ("AEDB") on 08 November 2019, signed the Energy Purchase Agreement ("EPA") with CPPAGL on 11 November 2019 and signed Implementation Agreement ("IA") with AEDB/Government of Pakistan ("GOP") on 12 November 2019. Accordingly, LEPL achieved Financial Close ("FC") on 18 November 2019.

14. In the EPA, the Required Commercial Operations Date ("RCOD") is defined as fifteen (15) months following the Construction Start Date. The Construction Start Date has been defined in the EPA as "*The date of issuance of the "notice to commence" by the Seller to the EPC Contractor and the release by the Seller to the EPC Contractor of funds equaling in aggregate at least seven percent (7%) of the EPC Cost, as notified by the Seller to the Purchaser*".

15. LEPL submitted that the COVID-19 pandemic caused unprecedented global and domestic disruptions, affecting public health, labour, supply chains, and business operations, which significantly impacted the Project, the company, and the purchaser from the start of construction. The brief of the impacts of COVID-19 in the form of delay in the purchaser's obligations and the construction activities of the Project, as submitted by LEPL, is summarized below:

#### Delays on Account of FME on Purchaser's Obligations

16. LEPL submitted that under the EPA, the purchaser was obligated to construct the Purchaser's Interconnection Facilities ("PIFs") for power supply during testing and subsequently for energy off-take during operations.

↓ ↗ ↘





The construction timelines of PIFs were severely disrupted by the COVID-19 pandemic, due to supply chain breakdowns, testing delays, and mobility restrictions.

17. NTDC and CPPAGL issued multiple Force Majeure Event ("FME") notices between February and March 2020 (first one on 06 February 2020), confirming that the pandemic had halted transmission planning, design, engineering, and construction activities related to the PIFs. CPPAGL later issued a cessation notice on 26 October 2020, declaring that the FME period ended on 30 September 2020, and that related works had recommenced from 01 October 2020.
18. Based on these notices, the FME period applicable to the PIFs amounts to two hundred and thirty-seven (237) days (from 06 February 2020 to 30 September 2020). According to LEPL, the PIFs were made available to the company for testing on 04 March 2022, against the original schedule of 31 August 2021, resulting in an overall delay of one hundred and eighty-five (185 days) in the completion.

Delays on Account of FME on Construction Activities

19. According to LEPL, it also faced the impact of the COVID-19 outbreak in respect of the EPC works for the Project. LEPL submitted that it executed a construction contract dated 17 October 2019 with Hydrochina International Engineering Company Limited and the Equipment Supply Contract dated 17 October 2019 with Hangzhou Huachen Electric Power Control Company Limited, each as amended from time to time.
20. Following the outbreak of COVID-19, the EPC contractors issued a series of FME notices to the company between March 2020 and March 2022, citing extensive travel restrictions, factory shutdowns in China, and domestic lockdowns that impeded the mobilization of manpower, delivery of equipment, and overall construction progress. The Government-imposed movement restrictions at both federal and provincial levels further compounded these challenges, resulting in significant slippage in the Project's implementation timelines. LEPL has submitted the correspondences showing that the contractors/suppliers submitted multiple FME notices, extension of time reports in November 2021, followed by the cost claims in March 2022, seeking reimbursement for logistics, idle resources, and other COVID-related impacts.
21. LEPL submitted that from time to time, the company and CPPAGL continued to update each other in respect of the impact of the ensuing COVID-19 pandemic and its adverse impacts on their respective obligations under the EPA. To mitigate the effects of COVID-19 as far as possible, the company and CPPAGL exerted all efforts to achieve COD for the Project in the shortest possible time without compromising the health and safety of their workers and maintaining compliance with all applicable laws and their respective contractual obligations under the EPA.
22. LEPL submitted that the Authority in the Tariff Determination allowed a maximum period of fifteen (15) months for achievement of COD. Accordingly, under the EPA, the RCOD is defined as the date fifteen (15) months for achievement of COD, following the Construction Start Date.
23. The EPA requires the company to achieve Construction Start Date within ninety (90) days following the achievement of FC on 18 November 2019. Accordingly, the company was required to commence the construction on or before 13 February 2020. However, due to FME notice issued by NTDC/contractors and

↓ fr q

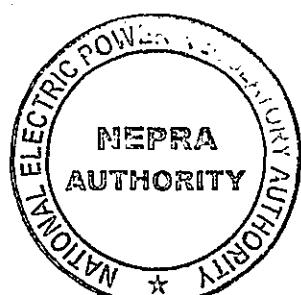




the COVID-19 restrictions prevailing at that time, the company was unable to commence construction on time.

24. Despite pendency of the company's FME notices, CPPAGL issued a "Notice of Intent to Terminate" on 06 May 2020, due to non-achievement of Construction Start Date. As per provisions of EPA, the cure period of ninety (90) days was available to company, post issuance of Notice of Intent to Terminate to achieve Construction Start Date i.e. no later than 06 August 2020. Consequently, the company repeatedly pursued the EPC contractors to expedite the commencement of construction works, despite the difficulties in doing so due to the COVID-19 pandemic, and the Construction Start Date was finally achieved on 15 July 2020, well within the given cure period.
25. Once the company achieved the Construction Start Date, the allowed construction period of fifteen (15) months under the EPA, ended on 15 October 2021. The actual COD, however, was achieved on 14 April 2022, primarily due to the impact of COVID-19 on the PIFs, and the consequent non-availability of the grid until 04 March 2022, in addition to the impact of the COVID-19 pandemic on the company and its EPC contractors.
26. LEPL submitted that, in terms of the EPA, the RCOD of the Project, set as fifteen (15) months from the Construction Start Date, is extendable in two circumstances: (i) where Force Majeure events affecting either party delay progress, as reflected in the definition of the RCOD in Section 1.1 of the EPA; and (ii) where delays arise due to the purchaser's failure to complete the PIFs in accordance with Section 6.5(f) of the EPA.
27. The FME period applicable to the PIFs, i.e. from 06 February 2020 till 30 September 2020 is calculated to be two hundred and thirty-seven (237 days). However, the actual delay of one hundred and eighty-five (185) days occurred in the completion of the PIFs, i.e. the grid was made available on 04 March 2022 instead of 31 August 2021 (the date as decided in the EPA). Accordingly, the RCOD will be extended to the date falling after the one hundred and eighty-five (185) days from 15 October 2021. This way the revised RCOD works out to be 18 April 2022.
28. In addition, LEPL submitted that pursuant to Section 6.5(f) of the EPA, notwithstanding anything contained in the EPA, the purchaser was required to provide the seller with the completed, commissioned, and energized PIFs at least two (2) months before the RCOD, failing which the RCOD would automatically be extended for two (2) months from the date the PIFs are provided. Given that the PIFs were not made available two (2) months prior to the RCOD (due to the unavoidable circumstances emanating from the prevailing COVID-19 pandemic), the RCOD automatically stands extended to the date falling two (2) months after the PIFs were provided. As the PIFs were made available for carrying out testing activities of the Project on 04 March 2022, the revised RCOD works out to be 04 May 2022, as per Section 6.5(f) of the EPA.
29. The company submitted that NEPRA has previously recognized extensions in the RCOD and allowed associated costs in cases where delays were directly caused by FMEs. Accordingly, the related costs such as IDC, Return on Equity during Construction ("ROEDC"), and Insurance during Construction were allowed. LEPL referred the cases of Pak Matiari-Lahore Transmission Company ("PMLTC"), Uch-II Power (Private) Limited, and Sapphire Electric Company Limited, where NEPRA validated RCOD extensions following FMEs, and allowed costs related to extensions.

*[Handwritten signature]*





30. Stating above, the company requested the NEPRA's endorsement for extension in its RCOD, on account of COVID-19-related disruptions and the non-availability of the PIFs, keeping in view the agreement between the contracting parties and the provisions of the EPA, and to allow reimbursement of the corresponding justified costs incurred up to 14 April 2022.

Analysis and Decision of the Authority

31. It is noted that LEPL made an advance payment of 7% to the EPC contractor on 26 June 2020, and subsequently issued the Notice to Commence on 15 July 2020. Accordingly, counting from the commencement date, the RCOD under the EPA falls on 15 October 2021. However, the Project achieved COD on 14 April 2022, i.e. with a delay of 181 days.

32. The Authority noted that the EPA executed between LEPL and CPPAGL on 11 November 2019 contains a dedicated chapter on FMEs. It categorizes them into (i) Change in Law FMEs, (ii) Pakistan Political FMEs, and (iii) Other FMEs. Epidemic or plague, under which COVID-19 falls, is classified as an OFME. Under the EPA, compensation for construction-period delays by the purchaser is only available for Change in Law and Pakistan Political FMEs. No compensation is admissible for delays arising from Other FMEs. Accordingly, the financial impact of construction delays caused by COVID-19 is not compensable under the EPA, and only extensions are stated to be allowed.

33. Notwithstanding above, as relied upon by LEPL, the Authority has noted that Section 6.5(a) of the EPA requires the purchaser to complete the interconnection works and be able to accept Net Delivered Energy by 30 September 2021, and to conduct all required tests by 31 August 2021. Section 6.5 also provides that the seller will not claim any cost, including carrying costs, for delays attributable to the purchaser in completing PIFs up to 31 December 2021. This demonstrates that the seller agreed that no compensation would be payable if PIFs were delayed until that date. Consequently, even if RCOD was extended until 15 February 2022 (i.e. 45 days after 31 December 2021), no compensation would have been due to be paid by the seller to the company.

34. Furthermore, under Section 6.5(a)(iii) of the EPA, the deadline for providing PIFs may be extended if the purchaser's obligations are materially and adversely affected by an FME. Sections 6.5(b), (c), and (d) of the EPA outline compensation mechanisms for delayed PIFs; however, these compensations are not applicable where the delay results from an FME, which is the situation in the present case.

35. With reference to LEPL's submissions regarding past precedents of allowing the impact of FMEs in the tariff, the Authority noted that, in more recent and relevant cases, including PMLTC, wind, solar, and nuclear power projects, no compensation for delayed COD attributable to Other FMEs was allowed in their tariffs (in the form of IDC, ROEDC or other costs for extended period). This approach is grounded in the principle that this is a contractual matter, and the contracting parties should have duly assessed foreseeable risks and incorporating appropriate risk-allocation and compensation mechanisms within their contractual arrangements.

36. In view of the foregoing, the Authority has decided that LEPL's claim for financial compensation in the tariff for the extended construction period is not admissible. It is an EPA matter, and under the EPA, COVID-19

↓ 4/9





qualifies as an Other FME for which no construction-period compensation is allowed; the seller had already waived any cost entitlement for PIF delays up to December 31, 2021; and the purchaser's FME declaration renders the compensation provisions inapplicable and only warrant extension without any payment/penalties.

37. As prescribed in the Tariff Determination, and given that the FME was ceased on 30 September 2020, the Authority has decided to reckon the construction period of fifteen (15) months starting from 01 October 2020 till 31 December 2021.

#### Adjustment of Engineering Procurement and Construction (EPC) Cost

38. The Authority in the Tariff Determination allowed EPC cost of USD 57.94 million to LEPL while stating the following mechanism for its adjustment at COD;

*"The EPC cost shall be adjusted at actual considering the approved amount as the maximum limit. Applicable foreign portion of the EPC cost will be adjusted at COD on account of variation in PKR/USD parity, on production of authentic documentary evidence to the satisfaction of the Authority. The adjustment in approved EPC cost shall be made only for the currency fluctuation against the reference parity values."*

*".....the petitioner will have to provide a confirmation from the EPC contractor as to the fullest compliance of the equipment having same design and origin of manufacture as given in the type certificate. Where needed, the bill of lading and other support documents will also have to be submitted."*

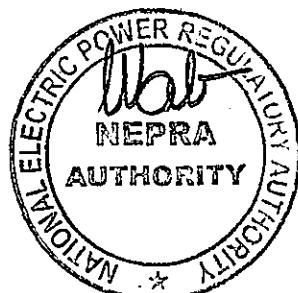
39. LEPL in its adjustment request has claimed EPC cost of USD 57.940 million (PKR. 9,743.39 million). Subsequently, after payment of remaining EPC cost, LEPL through addendum revised the PKR claim to PKR 9,946.39 million. The breakup of the EPC cost as approved in the Tariff Determination, claimed by LEPL, and as verified in the Audit Report is given hereunder:

Description	Tariff Determination		Claimed in COD Application		Revised claim		Audit Report	
	USD	PKR	USD	PKR	USD	PKR	USD	PKR
	Million							
Offshore	57.94	6,952.80	45.94	7,743.88	45.94	7,932.93	57.94	9,743.39
Onshore			12.00	1,999.51	12.00	2,013.46		
Total	57.94	6,952.80	57.94	9,743.39	57.94	9,946.39	57.94	9,743.39

#### Offshore EPC Cost

40. For the claim of EPC offshore cost, the petitioner has submitted copy of Equipment Supply Contract ("ESC") dated 17 October 2019 signed with Hangzhou Huachen Electric Power Control Company Limited for the amount of USD 45.940 million. Further, the amendments to ESC signed on 24 February 2020 and 20 October 2020 were also submitted.

*dr 9/9*





41. LEPL also submitted copies of commercial invoices, SWIFT payment messages, relevant bank statements, exchange rate sheets. Additionally, the milestone completion certificates issued by Owner's Engineers (Consortium of Tractebel Engineering GmbH and Renewable Resources (Pvt.) Ltd), drawdown certificates by lender's technical advisor (Wood Group UK Limited), and import documents (commercial invoices, certificate of origin, goods declaration, bill of lading) etc. were also submitted by the petitioner.
42. During the processing, LEPL also provided the certificate of compliance issued by the contractor dated 23 February 2023 which states that the wind turbines installed at the Project's site contains equipment of same design, specification and country of origin as mentioned in M/s DNV-GL certification No. TC-DNVGL-236603-A-2 dated 29 May 2015.
43. The Audit Report provides that the schedule of costs, as prepared by the management of the company, with respect to EPC offshore was obtained. Then the amounts paid and other details appearing therein were matched with the respective invoice dates, invoice amounts in USD, exchange rates, payment dates, milestone completion certificate, swift acknowledgement, bank statements, where applicable, and no difference was found. The Audit Report also indicated payable amount, which is converted into PKR based on NBP exchange rate of actual COD (i.e. 14 April 2022) for the ESC.

#### Analysis and Decision of the Authority

44. The Authority has noted that in the ESC, the price of USD 45.94 million was agreed between the parties. They also agreed on the schedule stating the different milestones based on which the above price was to be paid to the contractor. As per the milestone schedule, an amount of USD 39.51 million was to be paid against different shipments of the equipment, while the rest of the payment amounting to USD 6.43 million was to be paid on the completion of reliability run tests of complex, and taking over certificate.
45. In the true-up application, LEPL submitted that out of total agreed offshore cost, USD 1.84 million (PKR 334.11 million) remained payable till COD on account of last milestones payment. Subsequently, LEPL vide letter dated 09 May 2024 submitted that the payable of USD 1.84 million on account of EPC offshore cost (milestone No. 18) has been paid and also provided copies of evidence.
46. After duly reviewing all the above said documents, the Authority has decided to approve the offshore EPC cost of USD 45.94 million (PKR 7,637.25 million). The comparison of EPC offshore cost, as claimed by LEPL, verified by auditors and as allowed in this decision is given below:

EPC Offshore	Claimed in COD Application		Revised Claim		Auditor Report	Approved	
	USD	PKR	USD	PKR		USD	PKR
	Million						
	45.94	7,743.88	45.94	7,932.93	Note	45.94	7,637.25

*Note: No bifurcation of EPC offshore and onshore cost is provided by the Auditor (Total EPC cost USD 57.94 million equivalent to PKR 9,743.39 million is stated as verified in the Audit Report). A disclaimer regarding payable amounts till that point of time is also provided.*

*Jn Ar Q*





47. The reason of difference of PKR 295.68 million between the revised claim by LEPL and the approved cost is due to the application of different exchange rates for the payments made after 31 December 2021. LEPL has used the exchange rates applicable on the respective payment dates, whereas, in the approved amount, for payments made after 31 December 2021, the NBP exchange rate of PKR 177.95/USD (as prevailing on the said date) has been used.

#### Onshore EPC Cost

48. For the claim of the EPC onshore cost, the petitioner has submitted copy of construction contract dated 17 October 2019 signed with Hydrochina International Engineering Company Limited Pakistan for USD 12.00 million. LEPL also submitted copies of amendments to the construction contract signed on 24 February 2020 and 20 October 2020.

49. The company also submitted the copies of the sales tax invoices, withdrawal request, pay orders, relevant bank statements, State Bank of Pakistan ("SBP") weighted average customer exchange rates sheets, Computerized Payment Receipts ("CPRs") of Withholding Tax ("WHT"), milestone completion certificate by Renewable Resources (Pvt.) Ltd, and drawdown certificate issued by lender's technical advisor.

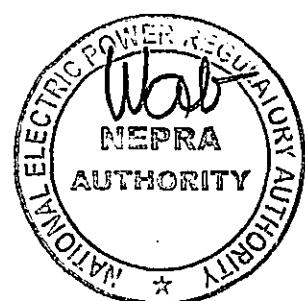
50. The Audit Report provides that the schedule of costs, as prepared by management of the company, with respect to EPC onshore cost was obtained. Then the amounts paid and other details appearing therein were matched with respect to the invoice date, invoice amount, payment date, sales tax invoice, SBP's weighted average exchange rates sheets, milestone completion certificates, cheque, CPR for WHT paid to FBR, CPR number with copy of sales tax invoice, pay order and CPR to Sindh Revenue Board and bank statements (where applicable), and no difference was found. The Audit report further stated that for the amounts payable, schedule of costs prepared by management were obtained and matched with the schedule of payment and converted into PKR as per the mechanism defined under the contract.

#### Analysis and Decision of the Authority

51. In the construction contract, the parties agreed that 50% of the contract price (USD amount) shall be converted into equivalent PKR using the exchange rate of the date of Notice to Commence (PKR 166.7578/USD prevailing on 15 July 2020), while the remaining 50% will be converted into equivalent PKR on the exchange rate applicable on the date of payments. In each case, the SBP weighted average exchange rates (sell side) of PKR/USD shall be considered. The Authority has noted that LEPL used SBP weighted average exchange rate (sell side) on the date of invoice, instead of date of payment, for the conversion of 50% invoice payment. The claim of the petitioner was analysed and found to be on the lower side, hence, the same has been taken into account in this decision.

52. LEPL submitted that out of total claimed EPC onshore cost of USD 12 million (PKR 1,999.51 million), USD 0.48 million remained payable till actual COD on account of last milestone payment. Subsequently, LEPL vide its addendum dated 09 May 2024 submitted that the payable of USD 0.48 million on account of EPC onshore cost (milestone No. 19 related to taking over) has been paid and revised the claim to PKR 2,013.46 million. LEPL also provided related evidence in relation to last payment.

✓ ✓ ✓





53. After duly reviewing all the above said documents, the Authority has decided to approve the onshore EPC cost of USD 12.00 million (equivalent to PKR 1,984.38 million). The comparison of onshore EPC cost, as claimed by LEPL, verified by Auditors and being allowed in this decision is given below:

EPC Onshore	Claimed in COD Application		Revised Claim		Audit Report	Approved	
	USD	PKR	USD	PKR		USD	PKR
	Million						
	12.00	1,999.51	12.00	2,013.46	<i>Note</i>	12.00	1,984.38

*Note: No bifurcation of EPC offshore and onshore cost is provided by the Auditor (Total EPC cost USD 57.94 million equivalent to PKR 9,743.39 million is stated as verified in the Audit Report). A disclaimer regarding payable amounts till that point of time is also provided.*

54. The difference of PKR 29.09 million is attributable to the application of the SBP's weighted-average exchange rate of 31 December 2021 to 50% of the payments made after that date in the approved amounts, as opposed to the exchange rates of the respective payment dates claimed by the petitioner. Below is the comparison of total EPC cost claimed by LEPL and as allowed by the Authority in this decision:

EPC	Revised Claim		Approved	
	USD	PKR	USD	PKR
	Million			
Offshore	45.94	7,932.93	45.94	7,637.25
Onshore	12.00	2,013.46	12.00	1,984.38
<b>Total</b>	<b>57.94</b>	<b>9,946.39</b>	<b>57.94</b>	<b>9,621.63</b>

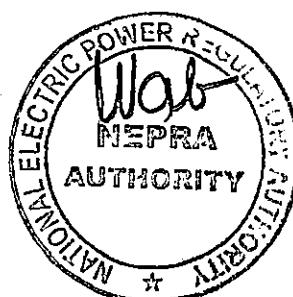
#### EPC Contractor Claims

55. LEPL in COD adjustment request has claimed USD 7.36 million (PKR 1,341.47 million) on account of EPC contractor's claim based on the overall delays on account of FME (i.e. delay in construction works and delay in provision of PIFs). The break-up of this cost as claimed by LEPL is provided hereunder:

Description	USD Million	PKR Million
Additional cost claimed under equipment supply contract	1.74	317.31
Additional cost claimed under construction contract	4.53	826.18
Additional logistic cost claimed under FME	1.09	197.97
<b>Total</b>	<b>7.36</b>	<b>1,341.17</b>

56. In support of its claim, LEPL submitted contractor's report on additional cost claims. The claimed costs are related to additional payment by EPC Contractor on account of anti-COVID-19 pandemic measures cost, international travelling, local hindrance cost, delay in approval of design & drawing, delay of EPA tests by employer, idle costs resulted from Covid-19 and strong wind, project's catching up activities etc.

*ch b q*





#### Analysis and Decision of the Authority

57. The claimed amount was not supported by verifiable documentary evidence. Furthermore, the Audit Report submitted by LEPL does not contain any information regarding the EPC contractor's claims. LEPL was accordingly required to submit documentary evidence in support of the said claim. In addition, details of any liquidated damages (LDs) recovered from the EPC contractor in view of the delay in COD were also sought. In response, LEPL informed that no payments had been made against the contractor's claims and that no LDs had been levied.

58. The Authority has noted that the aforesaid claim of LEPL does not fall within the scope of COD tariff adjustment, as the EPC cost was allowed as a maximum limit in the Tariff Determination. Furthermore, LEPL has failed to submit any payment evidence in support of its claim. In view thereof, LEPL's request for allowance of the EPC contractor's claims is inadmissible and is hereby disallowed.

#### Adjustment of Duties and Taxes

59. The Tariff Determination did not account for the impact of duties and taxes and provides the following with respect to the adjustment of this cost head:

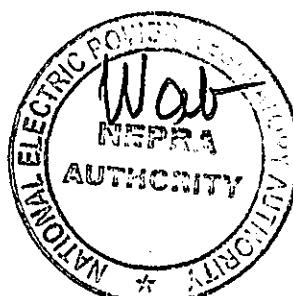
"Duties and/or taxes, not being of refundable nature, relating to the construction period directly imposed on the company up to COD will be allowed at actual upon production of verifiable documentary evidence to the satisfaction of the Authority."

60. LEPL in its tariff adjustment application has requested for the duties and taxes of USD 0.58 million (PKR 91.20 million). The comparison of the duties and taxes as claimed by the petitioner and as verified by the Auditors is given hereunder:

Description	Tariff Determination		Claimed in COD Application		Audit Report	
	USD	PKR	USD	PKR	USD	PKR
	Million					
SIDC	As per actual		0.58	91.20	0.58	91.20

61. LEPL in support of its claim has submitted copies of relevant Cess Challan, commercial invoices, clearing agent invoice; goods declaration certificates, bills of lading, withdrawal request, bank statement, NBP exchange rate sheet, etc.

62. The Audit Report provides that schedule of Sindh Infrastructure Development Cess ("SIDC") prepared by management was obtained. Then the amounts paid were matched with the details appearing therein with respect to respective Goods Declaration number and date, bill of lading and date, invoice date, invoice amount (USD), commercial invoice, packing list, SIDC challan, pay order/customer's advice to excise & taxation (if any), invoice from clearing agent (if any), bank statement, where applicable and no difference was found.





Analysis and Decision of the Authority

63. It has been noted that LEPL claimed duties and taxes amounting PKR 91.20 million on account of SIDC with respect to import part of the EPC cost. Based on documentary evidence submitted, the comparison of duties and taxes as claimed, verified by Auditors and as approved in this decision is given as under:

Description	Tariff Determination		Claimed in COD Application		Audit Report		Approved	
	USD	PKR	USD	PKR	USD	PKR	USD	PKR
	Million							
SIDC	As per actual		0.58	91.20	0.58	91.20	0.58	91.15

64. The reason for difference of PKR 0.05 million between claimed and approved is due to non-provision of payment proof by the company.

Adjustment of Project Development Cost

65. The Authority in the Tariff Determination had allowed USD 2.50 million in respect of the PDC to LEPL, while stating the following mechanism for its adjustment at COD;

*"PDC...shall be adjusted at actual at the time of COD considering the approved amount as the maximum limit. The amount allowed on this account in USD will be converted in PKR using the reference PKR/USD rate of 120 to calculate the maximum limit of the amount to be allowed at COD."*

66. As per the above mechanism, the maximum amount allowed to LEPL under this cost head, using the exchange rate of PKR 120/USD, works out to be PKR 300 million. The petitioner in its tariff adjustment request has claimed PDC of PKR 412.36 million (equivalent to about USD 2.76 million). LEPL submitted that during the construction period, the exchange rate remained much higher compared to allowed PKR 120/USD, therefore, the company filed modification petition for reconsideration of exchange rate, and requested to revise it to PKR 160/USD at the then prevailing exchange rate. Accordingly, the Authority vide decision dated 23 July 2020 decided that *"the revision/adjustments of tariff on account of debt mix, repayment terms and exchange rate as requested by the Petitioner in the subject modification petition shall be made at the time of COD of the Project."*

67. The petitioner further submitted that during the construction and development phase, certain services were engaged for which costs were payable in foreign currency. However, the Tariff Determination provides that the PDC amount shall be converted into PKR at a reference PKR/USD rate of 120 to determine the maximum allowable limit at COD, which, according to the petitioner, restricts recovery of actual costs incurred. The petitioner further contended that, in past determinations, the Authority has allowed exchange rate variation on foreign-currency-denominated PDC components. In view thereof, and due to extended construction period; LEPL requested the Authority to allow the actual incurred cost under PDC head, as detailed in table below:

*✓ ✓*





Heads	Claimed in COD Application	
	USD	PKR
	Million	
Land Lease	0.11	11.45
Environmental and Other Misc. Consultants	0.14	22.07
Legal, Technical & Financial Advisors	1.15	175.54
Regulatory & Statutory Fees	0.16	24.15
NTDC /FAT / Independent Engineers Expenses	0.35	54.83
Administrative & Site Expenses	0.84	124.32
<b>Total PDC</b>	<b>2.76</b>	<b>412.36</b>

68. The Audit Report provides that the company incurred PDC amounting to PKR 412.36 million (USD 2.76 million). The Audit report also provides that the schedules of costs prepared by the management were obtained and the amount paid were checked the documents as mentioned under different heads:

- Technical Consultants: Copy of sales tax invoice, pay order to consultants, pay order to FBR, CPRs and bank statements, where applicable.
- Advisors Fee: Copy of commercial invoice, pay order to advisor, and bank statement and CPRs, where applicable.
- Land Lease: Copy of invoice/challan and cheque/pay order, where applicable.
- Government Authorities: Copy of invoice/challan and cheque/pay order, where applicable.
- Fixed Assets: Copy of sale tax invoice and cheque, where applicable.
- Salaries and Benefits: Copy of salary sheet, cheque, computerized payment receipt (CPR) and bank statement, where applicable.
- Travelling & Vehicle Running Expense: Copy of invoice/claim expense voucher, pay order/petty cash voucher, where applicable.
- Other Admin Costs/fee and subscription: Copy of invoice/claim, expense voucher, and pay order/petty cash voucher, where applicable.
- The Auditor also stated that no difference was found.

#### Analysis and Decision of the Authority

69. It is pertinent to mention here that petitioner's understanding regarding tariff modification decision dated 23 July 2020 is not correct. The cost allowed under PDC i.e. PKR 300 million was the maximum limit, and no change was made in the above decision with respect to this cost head.

70. The claim submitted by LEPL was verified, and given the criteria set out in the Tariff Determination, the Authority has decided to allow PDC up to the approved limit, i.e. PKR 300 million. For conversion into USD, an average exchange rate of PKR 163.21/USD has been applied, calculated using the start-, mid-, and end-month rates published by NBP for the fifteen (15) month construction period from 01 October 2020 to 31 December 2021. Accordingly, the amount being allowed works out to be approximately USD 1.84 million.

*✓ ✓ ✓*





### Adjustment of Insurance during Construction

71. The Authority in the Tariff Determination allowed USD 0.29 million for insurance during construction while setting the following mechanism for its adjustment at COD;

“...Insurance during construction...shall be adjusted at actual at the time of COD considering the approved amount as the maximum limit. The amounts allowed on these accounts in USD will be converted in PKR using the reference PKR/USD rate of 120 to calculate the maximum limit of the amount to be allowed at COD.”

72. As per the above mechanism, the maximum amount allowed to LEPL under captioned cost head, using the exchange rate of PKR 120/USD, works out to be about PKR 34.80 million. The petitioner in the tariff adjustment request has claimed insurance amount of PKR 54.56 million (equivalent to about USD 0.32 million). In support of its claim, LEPL has submitted copies of insurance policies, premium bills, premium payment receipts, extension letters, pay orders and bank statements.

73. The petitioner submitted that owing to around six (6) months delay due to the FME, it had to extend its construction period insurance. The petitioner further submitted that the insurance premium cost is linked to the EPC price, but the Authority limited the recovery to an exchange rate of PKR 120/USD, which is restricting reimbursement of actual costs. LEPL informed that due to local insurers' low credit ratings and limited capacity, insurance had to be obtained from foreign reinsurers in USD as required under financing agreements, therefore, the Authority is requested to allow recovery of the actual insurance cost incurred up to COD.

74. As per the details submitted by LEPL the breakup of the claimed insurance during construction is given hereunder:

Description	Insurer/ Insurance policy#	Period	Premium net of Sales Tax PKR (million)
Marine Cargo & Marine Delay in start up	EFU General Insurance Ltd/ 2271104773/05/2020 2276007057/05/2020		16.91
Erection All Risk, Delay in Startup, Third Party Liability (Construction) and Third-Party Liability	EFU General Insurance Ltd/ 2276007058/05/2020 2276007057/05/2020	01-07-2021 to 13-04-2022	34.13
Terrorism Insurance	EFU General Insurance Ltd./ 2275009278/05/2020		3.52
Total			54.56
PKR/USD exchange rate for paid amount			168.93
Total Premium (USD Million)			0.32

✓ ✓ ✓





75. The Auditors in their Report has also verified the amount of PKR 54.56 million in respect of the insurance cost. The Audit Report provides that the schedule of costs prepared by management was obtained and the amount paid and the details appearing therein with respect to insurance policy date, insurance policy amount and payment date were matched with copy of insurance policies, premium bill, premium paid receipts and bank statements, and no difference was found.

Analysis and Decision of the Authority

76. The claim submitted by LEPL was verified, and given the criteria set out in the Tariff Determination, the Authority decided to allow this cost up to the limit as prescribed in the Tariff Determination, i.e. PKR 34.80 million. The corresponding USD amount has been worked out on the basis of the average of the exchange rates prevailing on the respective payment dates prior to 31 December 2021. The resultant amount works out to be about USD 0.21 million, which is being allowed in this decision.

Adjustment of Financing Fee and Charges

77. The Authority in the Tariff Determination had allowed financing fee and charges of USD 1.22 million. Following mechanism for the adjustment of financing fee and charges at the time of COD was prescribed;

"....Financing fee and charges shall be adjusted at actual at the time of COD considering the approved amount as the maximum limit. The amounts allowed on these accounts in USD will be converted in PKR using the reference PKR/USD rate of 120 to calculate the maximum limit of the amount to be allowed at COD."

78. As per the above mechanism; the maximum amount allowed to LEPL under this cost head using the exchange rate of PKR 120/USD works out to be about PKR 145.80 million. The petitioner in its tariff adjustment application has claimed financing fee and charges amounting to PKR 300.95 million (USD 1.85 million). LEPL, in support of its claim has submitted copies of financing agreements, lender's legal and technical contracts/agreements, invoices, payment evidence, bank statements including tax challans, relevant exchange rate sheets etc.

79. LEPL submitted that the allowance of financing fees and charges at the reference exchange rate of PKR 120 was premised on the assumption of 100% local financing under SBP scheme. However, through its tariff modification petition, LEPL had informed the Authority that SBP financing was available only up to 50% of the total debt requirement, with the remaining portion arranged through foreign financing from FMO. Consequently, the fees and costs associated with the foreign financing were directly exposed to exchange rate fluctuations. LEPL further contended that the post issuance of Tariff Determination, devaluation of PKR was unprecedented, which significantly increased project cost and corresponding financing requirements. On this basis, LEPL argued that restricting financing fees and charges at the reference exchange rate of PKR 120 on USD-denominated amounts is unjustified, and requested the Authority to allow actual financing fees amounting to PKR 300.95 million, based on the foreign-local debt mix.

80. The Audit Report provides that for financing fee and charges, schedule of costs prepared by management were obtained and the amount paid/payable and the details appearing therein with respect to invoice amount,

*d for Q*





invoice date, instrument of payment such as cheque, remittance debit advice, swift acknowledgments (where applicable), FBR CPR for payments of WHT, and bank statement were verified and no difference was found.

81. Below is the detailed breakup of financing fee and charges as claimed by the petitioner and as verified by the Auditors:

Description	Claimed in COD Application		Audit Report	
	USD	PKR	USD	PKR
	(in Million)			
Local Financing fee	0.50	80.15		
Foreign Financing fee	0.67	110.73	1.85	300.95
Advisors Fee	0.68	110.07		
<b>Total</b>	<b>1.85</b>	<b>300.95</b>	<b>1.85</b>	<b>300.95</b>

#### Analysis and Decision of the Authority

82. It was noted that in the modification decision dated 23 July 2020, the Authority recognized that LEPL could obtain foreign financing, but the mechanism for adjustment of financing fees and charges was not revised. Accordingly, the Authority has decided to allow expenses under this head only up to the limit specified in the Tariff Determination, i.e. PKR 145.80 million. The corresponding USD amount, calculated using the average exchange rates applicable on the respective payment dates prior to 31 December 2021, works out to be approximately USD 0.90 million, which is being allowed in this decision.

#### Project Financing

83. The Tariff Determination was issued on the debt-to-equity ratio of 80:20, while stating that the tariff shall be adjusted on actual debt-to-equity mix at the time of COD, subject to equity share of not more than 20%. In the COD adjustment application, LEPL has submitted that the total project cost has been financed by the company as per the following details:

Heads	USD Million	PKR Million
Debt	50.98	8,491.57
Equity	12.76	2,036.67
<b>Total</b>	<b>63.74</b>	<b>10,528.24</b>

84. In support of its debt drawdowns, LEPL has submitted copies of financing agreements, copies of bank statements, NBP rate sheets, and the Audit Report. In support of equity injections, LEPL has submitted copies of bank statements, exchange rate sheets, audited accounts since the establishment of the company till the financial year in which COD falls (FY 2022), and the Audit Report.

*✓ ✓ ✓*





85. The Audit Report provides that schedule of debt drawdowns as prepared by management were obtained, and the amount received and the details appearing therein were matched with copy of bank statements, swift messages for loan receipt (for foreign loan), and exchange rate sheets. The amount of debt as verified by the Auditors is provided as under:

Source of Debt	USD Million	PKR Million
SBP Scheme Debt (PKR Loan)	25.52	4,230.62
Commercial Foreign Debt (USD Loan)	25.52	4,260.95
<b>Total Debt</b>	<b>51.04</b>	<b>8,491.57</b>

86. For equity injections, the Audit Report provides that the schedule of equity contribution by the company shareholders, as prepared by management were obtained, and matched the amount received as equity/advance against equity and other details appearing therein, with the copy of share certificate, return of allotments of shares (SECP - Form 3), bank statements, and exchange rate sheets (where applicable). The amount of total equity as verified in the Audit Report is PKR 2,036.67 million (USD 12.76 million). Accordingly, the total debt and equity position as verified by the Auditor is as follows:

Source of Funds	USD Million	PKR Million	Ratio
Debt	51.04	8,491.57	80%
Equity	12.76	2,036.67	20%

#### Debt

87. The Tariff Determination of LEPL was approved on the basis of 100% financing under SBP scheme issued on 02 June 2016 with the following provision:

*"In case the petitioner is not able to secure financing under SBP scheme then the tariff of LEPL shall be adjusted on conventional local/foreign financing, or a mix of both, at the time of its COD. However, the petitioner shall have to prove through documentary evidence that it exhausted the option of availing financing under SBP scheme before availing part/full of conventional local/foreign loan."*

88. Aforesaid refinancing scheme was revised by SBP on 26 July 2019 under which renewable energy projects, having capacity of more than 20 MW, were allowed to obtain up to 50% of financing only. Since the Project is of more than 20 MW capacity, the petitioner filed modification petition dated 18 September 2019 requesting the Authority to base the tariff on a mix of foreign and local financing, on the pretext that not more than 50% financing can be obtained under new SBP scheme. The tariff modification decision was issued on 23 July 2020 whereby the Authority held that the adjustment of tariff on mix of local and foreign financing shall be made at the time of tariff adjustment at COD of the Project.

89. On the review of the financing documents as submitted by the petitioner, it was noted that following debt commitments were secured by the LEPL:

*J 4/9*





Source of Funds	Financiers	Debt Commitment
SBP RE Scheme Debt	<ul style="list-style-type: none"> <li>• Faysal Bank Limited</li> <li>• Bank of Punjab</li> </ul>	PKR 2,850.00 million PKR 1,950.00 million
Commercial Foreign Debt	<ul style="list-style-type: none"> <li>• FMO Facility A1</li> <li>• FMO Facility A2</li> <li>• DEG</li> </ul>	USD 25.03 million USD 1.67 million USD 10.52 million

90. The final position of debt drawn by LEPL till actual COD, and comparison with the debt drawn amount as verified/worked out in this decision, is provided below:

Source of Funds	Claimed by LEPL		Verified		% of Debt in USD term
	USD Million	PKR Million	USD Million	PKR Million	
SBP RE Scheme	25.46	4,230.62	25.34	4,230.62	49.82%
Foreign Debt	25.52	4,260.95	25.52	4,271.79	50.18%
Total	50.98	8,491.57	50.86	8,502.41	100%

91. For the conversion of USD loan to PKR amount, and similarly for conversion of PKR loan to equivalent USD amount, the rates as applied by LEPL/Auditor were found different than the ones as reflected in the NBP's exchange rate sheets. Accordingly, the exchange rates, as of the applicable dates found on NBP website, have been applied for the conversion, which is the reason of the difference in verified USD amount of PKR loan, and verified PKR amount of foreign loan.

#### Equity

92. LEPL submitted that the total amount of equity of PKR 2,036.67 million (USD 12.77 million) was invested in the Project. It is noted that PKR 1,093 million was injected before the Construction Start Date, while the rest of the amount, i.e. PKR 943.67 million was injected subsequently. The audited financial statements for the FY 2021-22 were also reviewed, which provides following details of the share capital and reserves:

Share Capital and Reserves	Note	PKR Million
Authorized capital (220 million ordinary shares of Rs. 10 each)		2,200.00
Issued subscribed and paid-up capital (no of shares 100 @ Rs. 10 each)	11	1.00
Advance against issuance of shares	12	2,035.67

93. Note 11 and 12 of the audited accounts provides following:

11. Naveena Export Limited, the holding company, held 74,998 and Mr Fawad Anwar held 25,000 ordinary shares of Rs. 10 each in the company as at the reporting date.

*J. S. Q.*





12. Advance against issuance of shares: It represents amount received from shareholders against issuance of shares. However, the company has not yet issued any shares to the shareholders in lieu of advance received against issuance of shares. Details with respect to advance against issuance of shares are as follows:

Sponsors	PKR Million
Naveena Export Limited	1,524.18
Mr Fawad Anwar	511.48
<b>Total</b>	<b>2,035.67</b>

94. In this regard, an email on 25 November 2025 was sent to the LEPL inquiring the status of the issuance of share. In response, LEPL vide email dated 26 November 2025 submitted as follows:

*"Lakeside has not yet proceeded with the issuance of shares. The company is presently awaiting the final Tariff True-up determination, following which the share issuance process will be undertaken in compliance with all applicable regulatory requirements."*

95. To work out the amount of equity in USD, the injections before 01 October 2020 has been converted into USD using the exchange rate of PKR 166.10/USD (as obtained from NBP's website), i.e. the rate prevailing on the said date. The subsequent injections have been converted into USD using the exchange rates applicable on the date of injections. Accordingly, the amount of equity in terms of USD works out to be about USD 12.37 million (against the claimed amount of USD 12.77 million).

96. Summarizing all the above, following amounts has been worked out in respect of equity and debt injections:

Source of Funds	USD Million	PKR Million
SBP Scheme debt	25.34	4,230.62
Commercial Foreign Debt	25.52	4,271.79
<b>Total Debt</b>	<b>50.86</b>	<b>8,502.41</b>
<b>Equity</b>	<b>12.37</b>	<b>2,036.67</b>
<b>Total Funding</b>	<b>63.23</b>	<b>10,538.08</b>

97. Based on above verified numbers of the injections of debt and equity, the equity share works out as 19.56% (in USD terms) and of the debt works out as 80.44%, accordingly, the tariff in this decision has been worked out and approved on the basis of above debt-to-equity ratio. The ratio of foreign to SBP debt composition has been taken as 50.18%:49.82% (calculated in USD terms).

98. With respect to the non-issuance of shares, the Authority hereby directs the petitioner to issue the shares, as required under the applicable law, and intimate the same to the Authority within three (03) months of the issuance of this decision, along with relevant documents in this regard.

*dr. H. Q.*





### Interest during Construction

99. In the Tariff Determination, the IDC of USD 1.96 million (PKR 235.32 million) was approved, which was computed on the basis of 100% debt under SBP scheme, using the interest rate of 6% and the construction period of fifteen (15) months. The Tariff Determination provides the following mechanism with respect to adjustment of IDC at the time of COD:

*"IDC will be recomputed at the time of COD on the basis of actual timing of debt drawdowns (for the overall debt allowed by the Authority at COD) for the project construction period of fifteen months allowed by the Authority."*

*"In case the petitioner is not able to secure financing under SBP scheme then the tariff of LEPL shall be adjusted on conventional local/foreign financing, or a mix of both, at the time of its COD. It is given that for full/part of conventional local or foreign loans or a mix of both, if availed by the company, the IDC shall also be allowed adjustment for change in applicable KIBOR/LIBOR."*

*"the spreads for local financing and foreign financing are 2.25% and 4.25% respectively and in case there is a savings in the cost of debt (either SBP financing or commercial local and foreign financing) then it shall be shared between the power purchaser and the power producer in the ratio of 60:40 respectively."*

100. The petitioner filed a tariff modification petition seeking adjustment of the debt mix due to revisions in the SBP scheme, which limited the refinancing facility to a maximum of 50% of the total project debt. In its Modification Decision, the Authority held that any revision or adjustment in the tariff on account of the revised debt mix shall be considered at the time of COD adjustment.

101. LEPL in its tariff adjustment application has requested IDC based on the mix of SBP and foreign loans, using actual debt drawdowns for the construction period of more than twenty-one (21) months. LEPL in support of the claim has submitted copies of financing agreement, interest payment invoices, bank statement, exchange rate sheets, KIBOR rate sheet, swift acknowledgement, bank debit advice, LIBOR rate sheets etc.

102. The Audit report provides that schedule of this cost as prepared by the management was obtained and the amount paid and the details appearing therein were matched with payment date, margin rate, copy of invoice, bank statement, KIBOR rate sheet (where applicable), swift acknowledgement, bank debit advice, LIBOR rate sheets (where applicable), financing agreements, and no difference was found.

103. Below is the breakup of IDC as claimed by LEPL, and as verified by Auditors:

Description	Claimed in COD Application		Audit Report
	USD Million	PKR Million	
SBP RE scheme	1.33	226.96	403.22
Commercial Foreign Loan	1.03	176.26	
Net IDC	2.36	403.22	403.22

*D. S. Q.*





104. As mentioned, LEPL has claimed IDC for the period from 26 June 2020 to 13 April 2022. It is further noted that the total interest of PKR 226.96 million, as claimed on account of the SBP loan, includes an amount of PKR 35.83 million, paid at KIBOR + 1.50% up till the time the loan amounts was refinanced under the SBP scheme, after which the interest was paid on the terms of the SBP scheme. The foreign financing was secured at LIBOR plus a margin of 4.25%, whereas the SBP loan carries an interest rate of 4.5%. For SBP loan, the tariff was approved using an interest rate of 6%, therefore, in view of the provisions of the Tariff Determination, the negotiated lower rate of 4.5% under the SBP scheme warrants sharing of the resulting savings between the producer and the purchaser.

105. The Tariff Determination provides fifteen (15) months construction period after financial close. As discussed, and concluded earlier in this decision, the construction period of fifteen (15) months (01 October 2020 till 31 December 2021) is being allowed in this decision, accordingly, IDC has been computed for the said period. Based on the documentary evidence submitted by the company, and after applying the savings on the SBP loan arising from the sharing of spread in a 60:40 ratio (purchaser : producer), the verified/worked out IDC for the construction period from 01 October 2020 to 31 December 2021, comes out as follows:

Loans	Claimed IDC		Verified IDC	
	USD Million	PKR Million	USD Million	PKR Million
SBP RE Scheme	1.33	226.96	0.85	148.82
Foreign Loan	1.03	176.26	0.71	117.84
<b>Total</b>	<b>2.36</b>	<b>403.22</b>	<b>1.56</b>	<b>266.66</b>

106. The difference of IDC amounting to USD 0.80 million (PKR 136.56 million) between claimed and verified figures, is due to reason that the verified amount has been calculated on the construction period of fifteen (15) months i.e. from 01 October 2020 till 31 December 2021, against the claim of twenty-one (21) months. The amount of PKR has been converted to USD using the exchange rate prevailing on the date of the interest payment, as obtained from NBP's website. Likewise, the amount of interest paid in USD has been converted in PKR using the above said mechanism.

#### Interest Income

107. The petitioner had not claimed adjustment of interest income in the COD application, nor had submitted any information in this regard. The Audit Report also did not mention any detail about this head.

108. Due to non-submission of information, the petitioner was directed vide email dated 25 November 2025 to submit details of interest income earned, along with all necessary supporting documents such as bank statement, exchange rate sheets, etc. In response, LEPL submitted detail of interest income amounting to PKR 0.095 million (USD 0.0006 million), which was related to the period from 01 February 2021 to 31 December 2021, along with relevant documents. The above submission was checked with the submitted information, and found correct. Based on above, the net IDC is worked out as under:

*dr b/s*





Loan	Verified IDC (Net)	
	USD in million	PKR in million
SBP RE scheme	0.85	148.82
Commercial Foreign loan	0.71	117.84
Less: Interest Income	(0.0006)	(0.095)
<b>Total net IDC</b>	<b>1.56</b>	<b>266.56</b>

109. The above tabulated net IDC is the verified amount based on actual debt drawdowns. The amount of IDC based on debt being approved in this decision has been computed using the following steps:

- The amount of verified IDC, is added in the capital cost (including financing fee) as approved in this decision to arrive at the verified project cost.
- The amount of verified project cost was then segregated between the debt and equity amounts, using the ratio of 80.44%:19.56%.
- The approved debt amount was then sub-divided into SBP loan (49.82%) and foreign loan (50.18%).
- The percentage of respective loans amount as actually disbursed (86.35% in case of SBP loan and 97.03% in case foreign loan) till 31 December 2021 was applied on the approved debt amounts.
- The verified IDC was then recomputed on that portion of approved debt amount that was disbursed till 31 December 2021. The method and drawdown schedule as was used for the calculation of verified IDC has been applied for the calculation of approved IDC.

110. Accordingly, the IDC being approved in the decision works as under:

Description	Approved	
	USD Million	PKR Million
SBP Loan	0.84	146.85
Foreign loan	0.70	116.58
Less: Interest Income	(0.0006)	(0.095)
<b>Total</b>	<b>1.54</b>	<b>263.34</b>

#### Summary of Project Cost

111. Recapitulating all the above, the project cost determined in the Tariff Determination, claimed in the tariff adjustment application, verified in the Audit Report and being allowed by the Authority in this decision is provided as under:

Project Cost	Determined		Revised Claim		Audit Report		Approved	
	USD	PKR	USD	PKR	USD	PKR	USD	PKR
	Million							
Total EPC Cost	57.94	6,952.80	57.94	9,946.39	57.94	9,743.39	57.94	9,596.00

dr & q





EPC Contractor Claims	-	-	7.36	1,341.47	-	-	-	-
Duties and Taxes	-	-	0.58	91.20	0.58	91.20	0.58	91.16
Project Development Cost	2.50	300.00	2.76	412.36	2.76	412.36	1.84	300.00
Insurance during construction	0.29	34.80	0.32	54.56	0.32	54.56	0.21	34.80
Financing Fee and Charges	1.22	145.80	1.85	300.95	1.85	300.95	0.90	145.80
Interest during Construction	1.96	235.32	2.36	403.22	2.36	403.22	1.55	263.44
Interest Income	-	-	-	-	-	-	(0.0006)	(0.10)
<b>Total</b>	<b>63.91</b>	<b>7,668.72</b>	<b>73.17</b>	<b>12,550.15</b>	<b>65.81</b>	<b>11,005.68</b>	<b>63.01</b>	<b>10,431.09</b>

112. Based on above project cost, the approved amount of debt and equity, as per the allowed debt-to-equity ratio of 80.44%:19.56%, works out as following:

Debt and Equity	Approved	
	USD Million	PKR Million
Equity Share (19.56%)	12.32	2,040.29
Debt Share (80.44%)	50.69	8,390.80

113. Following table shows the approved amounts of SBP and foreign debts, on the basis of the debt composition of 49.82%: 50.18%:

Loans	Approved	
	USD Million	PKR Million
SBP loan	25.25	4,180.16
Commercial foreign loan	25.43	4,210.64
<b>Total</b>	<b>50.69</b>	<b>8,390.80</b>

114. The above approved amounts of different loans have been used to compute the debt servicing components. It is noted that the SBP loan has been secured by the company for 10 years repayment period at the cost of 4.50%, accordingly, the cost of 5.10% (after including the impact of prescribed savings) is being approved in this decision, to be paid on quarterly basis having equal principal instalments. The foreign loan has been obtained by the company for 13 years repayment period at the cost of LIBOR + 4.25% to be paid on quarterly basis having certain fixed percentage of principal repayments.

#### Return on Equity ("ROE") and Return on Equity during

115. The Tariff Determination requires ROEDC to be adjusted at COD on the basis of actual equity injections during the project construction period of fifteen (15) months allowed by the Authority.

*d b f*





116. Based on total equity injections of PKR 2,036.67 million, the ROEDC of PKR 466.62 million (USD 2.56 million) has been claimed by LEPL, for the period from Construction Start Date of 15 July 2020 till actual COD i.e. 13 April 2022.
117. As discussed above, the verified amount of total equity injections works out to be PKR 2,036.67 million (equivalent to USD 12.37 million). On this amount of equity, the ROEDC comes works to be USD 1.63 million. The variance of USD 0.93 million is mainly due the reason that the computed ROEDC has been restricted to fifteen (15) months (from 01 October 2020 till 31 December 2021) in this decision.
118. The total equity amount being approved in this decision is USD 12.32 million. It is noted that about 99.37% of the equity amount had been disbursed till 31 December 2021. Therefore, the amount of ROEDC to be allowed has been computed while proportionating the same on the approved equity amount over the actual equity amount. The detailed computations are explained in the following table:

Computation of ROEDC	USD Million
A. Actual Equity Injections	12.37
B. Percentage of Actual Injections till 31 Dec 2021	99.37%
C. Actual Equity injected till 31 Dec 2021 (A*B)	12.29
D. ROEDC Computed	1.63
E. Total Approved Equity Amount	12.32
F. Amount Drawn (B*E)	12.24
G. ROEDC Approved (D/C*F)	1.62

119. Using the PMT formula on the approved ROEDC amount of USD 1.62 million, the ROEDC tariff component works out to be PKR. 0.2407/kWh (using exchange rate of PKR 183.20/USD of 31 March 2022). The amount of annual ROE, using the allowed rate of 14%, on the approved equity amount of USD 12.32 million comes out as USD 1.62 million. Accordingly, the ROE component works out to be PKR 1.7622/kWh (using exchange rate of PKR 183.20/USD of 31 March 2022).
120. It is important to mention here that the Authority allowed an ROE of 14% per annum (on an IRR basis) in the Tariff Determination. Whilst the ROE component is payable on a monthly basis, the calculation in the Tariff Determination assumed annual payments, which results in an IRR exceeding the approved 14%. It is observed that in recent solar and wind power projects, both at the reference and COD stages, the Authority has allowed the ROE component by accounting for monthly payment of return components. Accordingly, in the instant case as well, the above ROE and ROEDC components have been computed based on monthly payments.

#### Operation and Maintenance (O&M) Cost

121. The Authority in the Tariff Determination approved O&M cost of USD 23,000 per MW per annum for LEPL. The allowed O&M cost was approved in the ratio of 50:50 in local and foreign components; details are as under:

*Dr. M. Q.*





O&M	Cost allowed	Tariff (PKR/kWh)	Percentage	Indexation
Local O&M	USD 23,000/MW/year	0.4088	50%	CPI (General)
Foreign O&M		0.4088	50%	US-CPI & PKR/USD Exchange rate
Total O&M		0.8176	100%	

122. Further, the Authority vide review motion decision issued on 21 May 2021 decided as under:

*"The O&M cost, its mix, and the corresponding mechanism thereof as approved in the Tariff Determination of Lakeside Energy Private Limited shall be applicable for the period during which the Petitioner has already finalized the WP and LT O&M Agreements, i.e. 13 years. During this time, however, the Petitioner shall be required to submit, on an annual basis, the documentary evidence/report pertaining to actual expenditures on account of O&M. The savings, if any, in the actual O&M cost compared to the approved O&M cost shall completely be passed on to the consumers.*

*Subsequent to the lapse of the LT O&M Contract, in order to claim O&M costs, the Petitioner shall be required to carry out competitive bidding for the selection of the O&M contractor in accordance with NEPRA's applicable law. Based on this competitive bidding process, the Authority shall make revisions in the O&M cost, while capping the prevailing level of the approved O&M cost. Those revisions may also entail changing the mix of the approved O&M cost (local and foreign) as well as the indexation mechanism (indices, frequency etc.)."*

123. The petitioner in the true up application has claimed local O&M of PKR 0.5926/kWh and foreign O&M of PKR 0.7179/kWh. The tariff being approved in this decision is to be applicable for the energy supplied by the company during the quarter Apr-June, 2021, therefore, the O&M cost being allowed in this decision has been adjusted/indexed, as per the prescribed mechanism, on the indices applicable for the said quarter which is detailed as under:

O&M Cost	Claimed in COD Application	Approved (Qtr. April-June 2022)
	PKR/kWh	PKR/kWh
Local O&M	0.5926	0.5863
Foreign O&M	0.7179	0.7022
Indexation values:		
CPI-General / N-CPI	160.070	160.61
PKR/USD exchange rate	182.25	183.20
US-CPI	287.504	283.716

*Reasons of difference between the claimed and approved values:*

- \* LEPL had used the incorrect reference O&M components using the annual capacity factor of 38%, whereas the reference components (computed and approved using the capacity factor of 38.54%) have been used to compute the indexed O&M components.

*Dr. J. J.*





- \* The petitioner had used N-CPI and US CPI of December 2021, exchange rate available on COD date i.e. 13 April 2022. For the purpose of calculation of approved numbers; N-CPI and US CPI for month of February 2022 has been used. The exchange rate of 31 March 2022 has been used.
- \* Due to discontinuation of CPI, the revised O&M local component has been indexed based on N-CPI, in accordance with the decision of the Authority regarding replacement of the base year of CPI 2007-8 with N-CPI 2015-16 issued on 10 March 2021 (notified in the official gazette on 09 August 2023). The reference O&M was first indexed using the CPI for May 2020, and thereafter, that component was further indexed, taking the N-CPI of May 2020 as the base, and the N-CPI for February 2022 as revised index.

#### Insurance during Operation

124. The Tariff Determination provides following with regards to insurance during operations:

"The actual insurance cost for the minimum cover required under contractual obligations with the power purchaser, not exceeding 0.4% of the approved EPC cost, will be treated as pass through. Insurance component of reference tariff shall be adjusted annually as per actual upon production of authentic documentary evidence..."

125. In the adjustment application, LEPL has requested to allow insurance cost of PKR 56.07 million for the first operational year. The petitioner submitted that insurance coverage included property damage, business interruption, third party liability and terrorism insurance. The company submitted that cost of insurance works out to be USD 0.233 million, which is 0.40% of the claimed EPC, and requested to allow the same.

126. It is noted that an insurance cost of USD 0.23 million, corresponding to PKR 0.1648/kWh, was allowed in the Tariff Determination, computed at 0.4% of the approved EPC cost. Based on the revised exchange rate applied in this decision, the insurance component now works out to PKR 0.2515/kWh. This approved insurance component shall be taken as reference, and shall be subject to annual adjustment through a separate decision, in accordance with the adjustment mechanism provided in the Order portion of this decision.

#### **ORDER**

127. In pursuance of section 7(3) (a) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 read with Rule (3) of NEPRA (Tariff Standards & Procedure) Rules, 1998, the Authority hereby approves the following generation tariff along with terms and conditions for Lakeside Energy (Pvt) Limited for its 50 MW wind power project for delivery of electricity to the power purchaser:

- Levelized tariff is US Cents 4.3737/kWh.
- Net Annual Plant Capacity Factor of 38.54% has been approved.
- The aforementioned tariff is applicable for twenty-five (25) years from COD.
- Debt to Equity of 80.44%:19.56% has been approved.
- Debt repayment period of 10 years for SBP loan has been taken into account.

*S. J. J*





- Debt repayment period of 13 years for foreign loan has been taken into account.
- The cost of financing of debt of 5.1% (inclusive of savings) for SBP loan, and LIBOR+4.25% for foreign loan, both for construction and operation period has been approved.
- Return on equity during construction and operation of 14% on monthly payment basis has been allowed.
- Construction period of fifteen (15) months for the workings of ROEDC and IDC from 01 October 2020 till 31 December 2021 has been approved.
- Insurance during operation has been calculated at 0.4% of the allowed EPC cost.
- Reference exchange rate of 183.20 PKR/USD of 31 March 2021 has been used.
- Detailed component wise tariff is attached as Annex-I of this decision.
- Debt Servicing Schedule for SBP financing is attached as Annex-II of this decision.
- Debt Servicing Schedule for foreign financing is attached as Annex-III of this decision.

#### A. Indexations

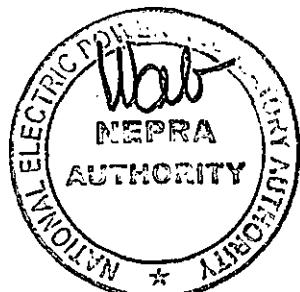
Adjustment of O&M, return on equity, return on equity during construction shall be made on quarterly basis for the quarters starting from 1st July, 1st October, 1st January and 1st April based on latest available information. Adjustment of debt servicing component (where applicable) shall be made on quarterly basis. Insurance component shall be adjusted on annual basis. The indexation for the 1st quarter i.e. Apr-June 2021, except for insurance component, has already been made in this decision. The indexation mechanism for subsequent quarters is given hereunder:

##### i) Operation and Maintenance Costs

O&M components of tariff shall be adjusted based on revised rates of local Inflation (N-CPI) as notified by Pakistan Bureau of Statistics, foreign inflation (US CPI) as notified by US Bureau of Labour Statistics and TT&OD selling rate of USD as notified by National Bank of Pakistan according to the following formula;

F. O&M <sub>(REV)</sub>	=	F. O&M <sub>(REF)</sub> * US CPI <sub>(REV)</sub> / US CPI <sub>(REF)</sub> * ER <sub>(REV)</sub> /ER <sub>(REF)</sub>
L. O&M <sub>(REV)</sub>	=	L. O&M <sub>(REF)</sub> * CPI <sub>(REV)</sub> / CPI <sub>(REF)</sub>
Where;		
F. O&M <sub>(REV)</sub>	=	The revised O&M Foreign Component of Tariff
L. O&M <sub>(REV)</sub>	=	The revised O&M Local Component of Tariff
F. O&M <sub>(REF)</sub>	=	The reference O&M Foreign Component of Tariff

*dr h q*





L. O&M <sub>(REF)</sub>	=	The reference O&M Local Component of Tariff
US CPI <sub>(REV)</sub>	=	The revised US CPI (All Urban Consumers)
US CPI <sub>(REF)</sub>	=	The reference US CPI (All Urban Consumers) of 283.716 of February 2022
N-CPI <sub>(REV)</sub>	=	The revised N-CPI (General)
N-CPI <sub>(REF)</sub>	=	The reference N-CPI (General) of 160.61 of February 2022
ER <sub>(REV)</sub>	=	The revised TT & OD selling rate of US dollar, as at the last day of the preceding quarter, as notified by the National Bank of Pakistan
ER <sub>(REF)</sub>	=	The reference TT & OD selling rate of PKR 183.20/USD of 31 March 2022

ii) Insurance during Operation

The actual insurance cost for the minimum cover required under contractual obligations with the power purchaser, not exceeding 0.4% of the approved EPC cost, will be treated as pass through. Insurance component of reference tariff shall be adjusted annually as per actual upon production of authentic documentary evidence to the satisfaction of the Authority according to the following formula:

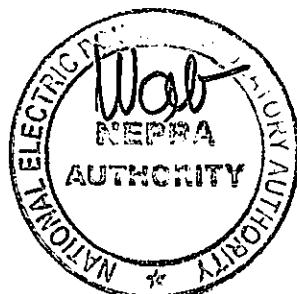
AIC	=	Ins <sub>(REF)</sub> / P <sub>(REF)</sub> * P <sub>(ACT)</sub>
Where;		
AIC	=	Adjusted insurance component of tariff
Ins <sub>(REF)</sub>	=	Reference insurance component of tariff
P <sub>(REV)</sub>	=	Reference premium @ 0.4% of approved EPC Cost at Rs. 183.20
P <sub>(ACT)</sub>	=	Actual premium or 0.4% of the approved EPC Cost, converted into PKR on exchange rate prevailing at the time of insurance premium payment (as notified by the National Bank of Pakistan) of the insurance coverage period whichever is lower

iii) Return on Equity

The total ROE (ROE + ROEDC) components of the tariff will be adjusted on quarterly basis on account of change in USD/PKR parity. The variation relating to these components shall be worked out according to the following formula;

ROE <sub>(REV)</sub>	=	ROE <sub>(REF)</sub> * ER <sub>(REV)</sub> / ER <sub>(REF)</sub>
Where;		

*Dr. S. Q.*





ROE <sub>(REV)</sub>	=	Revised ROE component of tariff
ROE <sub>(REF)</sub>	=	Reference ROE component of tariff
ER <sub>(REV)</sub>	=	The revised TT & OD selling rate of US dollar, as at the last day of the preceding quarter, as notified by the National Bank of Pakistan
ER <sub>(REF)</sub>	=	The reference TT & OD selling rate of Rs. 183.20/USD of 31 March 2022

iv) Indexations applicable to debt

The principal and interest components of foreign debt will be adjusted on quarterly basis, on account of revised TT & OD selling rate of USD, as notified by the National Bank of Pakistan as at the last day of the preceding quarter, over the applicable reference exchange rate. The interest part of tariff component for the foreign loan shall also be adjusted with respect to change in applicable LIBOR according to the following formula:

$\Delta I$	=	$P_{(REV)} * (LIBOR_{(REV)} - 0.9616\%) / 4$
Where;		
$\Delta I$	=	The variation in interest charges applicable corresponding to variation in 3-month LIBOR. $\Delta I$ can be positive or negative depending upon whether 3-month LIBOR <sub>(REV)</sub> per annum > or < 0.9616%. The interest payment obligation will be enhanced or reduced to the extent of $\Delta I$ for each quarter under adjustment.
$P_{(REV)}$	=	The outstanding principal (as indicated in the attached debt service schedule to this order at Annex-III), on a quarterly basis at the relevant calculations date.
$LIBOR_{(REV)}$	=	Revised 3-month LIBOR as at the last day of the preceding quarter.

*Note: The revised LIBOR shall be replaced with SOFR with effect from 01 July 2023 in light of the decision of the Authority regarding Suo moto proceedings for transition from LIBOR to SOFR dated 05 December 2024 and 13 December 2024. The company shall submit the indexation of the debt service component (foreign) in light of the aforesaid decision.*

**B. Terms and Conditions**

The following terms and conditions shall apply to the determined tariff:

*Dr. S. A*





- The O&M Cost, its mix, and the corresponding mechanism thereof as approved shall be applicable for 13 years from COD. During this time, however, the Petitioner shall be required to submit, on an annual basis, the documentary evidence/report pertaining to actual expenditures on account of O&M. The savings, if any, in the actual O&M cost compared to the approved O&M cost shall completely be passed on to the consumers. Subsequent to the lapse of the LT O&M Contract, in order to claim O&M costs, the Petitioner shall be required to carry out competitive bidding for the selection of the O&M contractor in accordance with NEPRA's applicable law. Based on this competitive bidding process, the Authority shall make revisions in the O&M cost, while capping the prevailing level of the approved O&M cost. Those revisions may also entail changing the mix of the approved O&M cost (local and foreign) as well as the indexation mechanism (indices, frequency etc.).
- This tariff will be limited to the extent of net annual energy generation supplied to the power purchaser up to 38.54% net annual plant capacity factor. Net annual energy generation supplied to the power purchaser in a year, in excess of 38.54% net annual plant capacity factor will be charged at the following tariffs:

<u>Net annual plant capacity factor</u>	<u>% of prevalent tariff allowed to power producer</u>
Above 38.54% up to 40.54%	5%
Above 40.54% up to 42.54%	10%
Above 42.54% up to 44.54%	20%
Above 44.54% up to 46.54%	40%
Above 46.54% up to 48.54%	80%
Above 48.54%	100%

- The risk of wind resource shall be borne by the power producer.
- The petitioner is required to maintain the availability levels as declared in the tariff petition filed for the Tariff Determination and the studies provided therewith. The power purchaser shall conduct detailed monitoring/audit of the operational record/log of all the wind turbines to verify output/capacity of the power plant so that the power producer cannot intentionally suppress the capacity factor.
- In the tabulated above tariff, no adjustment for certified emission reductions has been accounted for. However, upon actual realization of carbon credits, the same shall be distributed between the power purchaser and the power producer in accordance with the applicable GOP Policy, amended from time to time.
- The savings in the cost of financing during any time of debt servicing period shall be shared between the company and the power purchaser in the ratio of 40:60.

*d. 9/9*



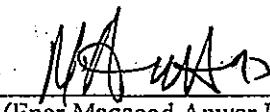


- In case the company is obligated to pay any tax on its income from generation of electricity, or any duties and/or taxes, not being of refundable nature, are imposed on the company, the exact amount paid by the company on these accounts shall be reimbursed on production of original receipts. This payment shall be considered as a pass-through payment. However, withholding tax on dividend shall not be passed through.
- The quarterly indexation already allowed on interim basis shall be revised in line with this decision, upon its notification.

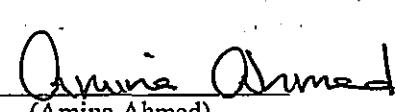
128. This decision is based on the data/information submitted by the petitioner. In case it comes to the knowledge of the Authority subsequently that any document or information submitted is incorrect, false, forged, untrue or that the petitioner has misrepresented, the Authority reserves the right to make any consequential modifications/adjustment in the tariff and appropriate action will be initiated against the petitioner in accordance with the NEPRA Act, Rules and Regulations made thereunder.

129. The Order part along with three (03) Annexures is recommended for notification by the Federal Government in the official gazette in accordance with Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

**AUTHORITY**

  
(Engr. Maqsood Anwar Khan)

Member

  
(Amina Ahmed)

Member

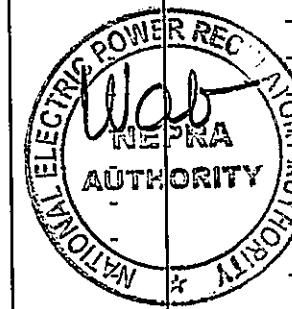
  
(Waseem Mukhtar)

Chairman



**LAKESIDE ENERGY (Pvt.) LIMITED**  
**REFERENCE TARIFF TABLE**

Year	Foreign O&M	Local O&M	Insurance	Return on Equity	ROEDC	SBP Loan Repayment	SBP Loan Interest Charge	Foreign Loan Repayment	Foreign Loan Interest Charges	Tariff	
	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	
1	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	1.2156	1.4740	1.4090	10.1178	
2	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	1.0893	1.5044	1.3327	9.9456	
3	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	0.9630	1.6010	1.2524	9.8356	
4	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	0.8367	1.7114	1.1668	9.7341	
5	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	0.7104	1.8218	1.0756	9.6270	
6	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	0.5841	1.9405	0.9784	9.5222	
7	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	0.4578	2.0648	0.8748	9.4166	
8	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	0.3315	2.2028	0.7645	9.3180	
9	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	0.2052	2.3435	0.6470	9.2149	
10	0.7022	0.5863	0.2515	1.7622	0.2407	2.4763	0.0789	2.4954	0.5221	9.1156	
11	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	2.6610	0.3888	6.5927	
12	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	2.8321	0.2468	6.6218	
13	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	2.9508	0.0958	6.5895	
14	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
15	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
16	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
17	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
18	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
19	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
20	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
21	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
22	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
23	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
24	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
25	0.7022	0.5863	0.2515	1.7622	0.2407	-	-	-	-	3.5429	
Levelized Tariff		0.7022	0.5863	0.2515	1.7622	0.2407	1.6763	0.5044	1.5329	0.7562	8.0127



**LAKESIDE ENERGY (Pvt) LIMITED**  
**DEBT SERVICING SCHEDULE (SBP Loan)**

Quarters	Base amount (PKR)	Principal Repayment (PKR)	Interest (PKR)	Balance Principal (PKR)	Total Debt Service (PKR)	Annual Principal Repayment Rs./kWh	Annual Interest Rs./kWh
1	4,180,158,453	104,503,961	53,297,020	4,075,654,492	157,800,982		
2	4,075,654,492	104,503,961	51,964,595	3,971,150,531	156,468,556		
3	3,971,150,531	104,503,961	50,632,169	3,866,646,569	155,136,131		
4	3,866,646,569	104,503,961	49,299,744	3,762,142,608	153,803,705		
5	3,762,142,608	104,503,961	47,967,318	3,657,638,647	152,471,280		
6	3,657,638,647	104,503,961	46,634,893	3,553,134,685	151,138,854		
7	3,553,134,685	104,503,961	45,302,467	3,448,630,724	149,806,429		
8	3,448,630,724	104,503,961	43,970,042	3,344,126,763	148,474,003		
9	3,344,126,763	104,503,961	42,637,616	3,239,622,801	147,141,578		
10	3,239,622,801	104,503,961	41,305,191	3,135,118,840	145,809,152		
11	3,135,118,840	104,503,961	39,972,765	3,030,614,879	144,476,727		
12	3,030,614,879	104,503,961	38,640,340	2,926,110,917	143,144,301		
13	2,926,110,917	104,503,961	37,307,914	2,821,606,956	141,811,876		
14	2,821,606,956	104,503,961	35,975,489	2,717,102,995	140,479,450		
15	2,717,102,995	104,503,961	34,643,063	2,612,599,033	139,147,025		
16	2,612,599,033	104,503,961	33,310,638	2,508,095,072	137,814,599		
17	2,508,095,072	104,503,961	31,978,212	2,403,591,111	136,482,173		
18	2,403,591,111	104,503,961	30,645,787	2,299,087,149	135,149,748		
19	2,299,087,149	104,503,961	29,313,361	2,194,583,188	133,817,322		
20	2,194,583,188	104,503,961	27,980,936	2,090,079,227	132,484,897		
21	2,090,079,227	104,503,961	26,648,510	1,985,575,265	131,152,471		
22	1,985,575,265	104,503,961	25,316,085	1,881,071,304	129,820,046		
23	1,881,071,304	104,503,961	23,983,659	1,776,567,343	128,487,620		
24	1,776,567,343	104,503,961	22,651,234	1,672,063,381	127,155,195		
25	1,672,063,381	104,503,961	21,318,808	1,567,559,420	125,822,769		
26	1,567,559,420	104,503,961	19,986,383	1,463,055,459	124,490,344		
27	1,463,055,459	104,503,961	18,653,957	1,358,551,497	123,157,918		
28	1,358,551,497	104,503,961	17,321,532	1,254,047,536	121,825,493		
29	1,254,047,536	104,503,961	15,989,106	1,149,543,575	120,493,067		
30	1,149,543,575	104,503,961	14,656,681	1,045,039,613	119,160,642		
31	1,045,039,613	104,503,961	13,324,255	940,535,652	117,828,216		
32	940,535,652	104,503,961	11,991,830	836,031,691	116,495,791		
33	836,031,691	104,503,961	10,659,404	731,527,729	115,163,365		
34	731,527,729	104,503,961	9,326,979	627,023,768	113,830,940		
35	627,023,768	104,503,961	7,994,553	522,519,807	112,498,514		
36	522,519,807	104,503,961	6,662,128	418,015,845	111,166,089		
37	418,015,845	104,503,961	5,329,702	313,511,884	109,833,663		
38	313,511,884	104,503,961	3,997,277	209,007,923	108,501,238		
39	209,007,923	104,503,961	2,664,851	104,503,961	107,168,812		
40	104,503,961	104,503,961	1,332,426	0	105,836,387		



**LAKESIDE ENERGY (Pvt) LIMITED**  
**DEBT SERVICING SCHEDULE (Foreign Debt)**

Quarters	Base amount (USD)	Principal Repayment (USD)	Interest (USD)	Balance Principal (USD)	Total Debt Service (USD)	Annual Principal Repayment Rs./kWh	Annual Interest Rs./kWh
1	25,434,709	373,890	331,389	25,060,819	705,279		
2	25,060,819	323,021	326,517	24,737,798	649,538	1.4740	1.4090
3	24,737,798	328,108	322,309	24,409,690	650,417		
4	24,409,690	333,195	318,034	24,076,495	651,229		
5	24,076,495	340,825	313,693	23,735,670	654,518		
6	23,735,670	343,369	309,252	23,392,302	652,621	1.5044	1.3327
7	23,392,302	348,456	304,778	23,043,846	653,234		
8	23,043,846	353,542	300,238	22,690,304	653,781		
9	22,690,304	361,173	295,632	22,329,131	656,805		
10	22,329,131	366,260	290,926	21,962,871	657,186	1.6010	1.2524
11	21,962,871	371,347	286,154	21,591,524	657,501		
12	21,591,524	376,434	281,316	21,215,091	657,750		
13	21,215,091	386,608	276,411	20,828,483	663,019		
14	20,828,483	391,695	271,374	20,436,789	663,069	1.7114	1.1668
15	20,436,789	396,781	266,271	20,040,007	663,052		
16	20,040,007	401,868	261,101	19,638,139	662,970		
17	19,638,139	409,499	255,865	19,228,640	665,364		
18	19,228,640	417,129	250,530	18,811,511	667,659	1.8218	1.0756
19	18,811,511	422,216	245,095	18,389,294	667,311		
20	18,389,294	429,847	239,594	17,959,448	669,441		
21	17,959,448	437,477	233,994	17,521,971	671,471		
22	17,521,971	442,564	228,294	17,079,407	670,858	1.9405	0.9784
23	17,079,407	450,194	222,528	16,629,213	672,722		
24	16,629,213	457,825	216,662	16,171,388	674,487		
25	16,171,388	465,455	210,697	15,705,933	676,152		
26	15,705,933	473,086	204,633	15,232,847	677,718	2.0648	0.8748
27	15,232,847	478,173	198,469	14,754,675	676,641		
28	14,754,675	485,803	192,239	14,268,872	678,042		
29	14,268,872	495,977	185,909	13,772,895	681,886		
30	13,772,895	503,607	179,447	13,269,288	683,054	2.2028	0.7645
31	13,269,288	511,238	172,886	12,758,050	684,123		
32	12,758,050	518,868	166,225	12,239,182	685,093		
33	12,239,182	526,498	159,464	11,712,683	685,963		
34	11,712,683	536,672	152,605	11,176,011	689,277	2.3435	0.6470
35	11,176,011	544,303	145,612	10,631,708	689,915		
36	10,631,708	551,933	138,521	10,079,775	690,454		
37	10,079,775	559,564	131,329	9,520,212	690,893		
38	9,520,212	569,737	124,039	8,950,474	693,776	2.4954	0.5221
39	8,950,474	579,911	116,616	8,370,563	696,527		
40	8,370,563	590,085	109,060	7,780,477	699,145		
41	7,780,477	597,716	101,372	7,182,762	699,087		
42	7,182,762	607,890	93,584	6,574,872	701,474	2.6610	0.3888
43	6,574,872	618,063	85,664	5,956,809	703,727		
44	5,956,809	628,237	77,611	5,328,571	705,849		
45	5,328,571	635,868	69,426	4,692,704	705,294		
46	4,692,704	646,042	61,141	4,046,662	707,183	2.8321	0.2468
47	4,046,662	658,759	52,724	3,387,903	711,483		
48	3,387,903	668,933	44,141	2,718,970	713,074		
49	2,718,970	676,563	35,425	2,042,407	711,989		
50	2,042,407	686,737	26,611	1,355,670	713,348	2.9508	0.0958
51	1,355,670	699,454	17,663	656,215	717,118		
52	656,215	656,215	8,550	[0]	664,765		

d b 9

